

REVENUE DEPARTMENT[701]

Adopted and Filed

Pursuant to the authority of Iowa Code sections 421.14 and 422.68, the Department of Revenue hereby adopts amendments to Chapter 10, “Interest, Penalty, Exceptions to Penalty, and Jeopardy Assessments,” Chapter 38, “Administration,” Chapter 40, “Determination of Net Income,” Chapter 43, “Assessments and Refunds,” Chapter 44, “Penalty and Interest,” Chapter 53, “Determination of Net Income,” and Chapter 59, “Determination of Net Income,” Iowa Administrative Code.

Notice of Intended Action was published in IAB Vol. XXXIII, No. 2, p. 87, on July 28, 2010, as **ARC 8944B**.

Item 1 adopts new rule 701—10.5(421), which was previously rescinded, to provide for penalties for improper receipt of a refund or credit.

Item 2 amends subrule 38.17(3) to provide for changes in the taxation of spouses of military personnel in accordance with the Military Spouses Residency Relief Act, Public Law No. 111-97.

Item 3 amends rule 701—40.1(422) to reference new rule 701—40.75(422).

Item 4 amends subrule 40.16(5) to correct an example regarding the reporting of income for Iowa individual income tax from intangible personal property for nonresidents of Iowa.

Item 5 amends rule 701—40.65(422) to provide that the increase in the expensing allowance under Section 179 of the Internal Revenue Code is not allowed for Iowa individual income tax purposes for tax periods beginning on or after January 1, 2009, but beginning before January 1, 2010.

Item 6 adopts new rule 701—40.75(422) related to the exclusion of certain income received from the Iowa veterans trust fund from Iowa individual income tax.

Item 7 amends the implementation clause for rule 701—43.4(68A,422,456A).

Item 8 adopts new rule 701—44.5(422) to provide for the waiver of penalty and interest related to additional tax associated with amended returns for Iowa individual income tax for certain casualty losses for the 2008 tax year.

Items 9 and 10 amend paragraph 53.15(1)“a” and subparagraph 53.15(3)“c”(2) to remove obsolete provisions regarding consolidated Iowa corporation income tax returns that relate to tax periods beginning prior to July 1, 1992.

Item 11 amends rule 701—53.23(422) to provide that the increase in the expensing allowance under Section 179 of the Internal Revenue Code is not allowed for Iowa corporation income tax purposes for tax periods beginning on or after January 1, 2009, but beginning before January 1, 2010. This is similar to the change in Item 5.

Item 12 amends rule 701—59.24(422) to provide that the increase in the expensing allowance under Section 179 of the Internal Revenue Code is not allowed for Iowa franchise tax purposes for tax periods beginning on or after January 1, 2009, but beginning before January 1, 2010. This is similar to the change in Item 5.

These amendments are identical to those published under Notice of Intended Action.

These amendments will become effective October 27, 2010, after filing with the Administrative Rules Coordinator and publication in the Iowa Administrative Bulletin.

These amendments are intended to implement Iowa Code section 421.27 as amended by 2010 Iowa Acts, House File 2531, section 124; 2010 Iowa Acts, House File 2531, sections 159 and 160; and 2009 Iowa Code Supplement section 422.7 as amended by 2010 Iowa Acts, House File 2532.

EDITOR'S NOTE: Pursuant to recommendation of the Administrative Rules Review Committee published in the Iowa Administrative Bulletin, September 10, 1986, the text of these amendments [amendments to Chs 10, 38, 40, 43, 44, 53, 59] is being omitted. These amendments are identical to those published under Notice as **ARC 8944B**, IAB 7/28/10.

[Filed 9/1/10, effective 10/27/10]

[Published 9/22/10]

[For replacement pages for IAC, see IAC Supplement 9/22/10.]